
VILLAGE OF ESTHERWOOD, LOUISIANA
ANNUAL FINANCIAL REPORT
AND AGREED UPON PROCEDURES REPORT
YEAR ENDED JUNE 30 2012



A Professional Accounting Corporation

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YEAR ENDED JUNE 30 2012

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Honorable Anthony Borill, Mayor
and the Board of Aldermen
Village of Estherwood, Louisiana

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Estherwood, Louisiana, as of and for the year ended June 30, 2012, which collectively comprise the Village of Estherwood's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Village of Estherwood, Louisiana. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Village of Estherwood, Louisiana is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

The management of the Village of Estherwood, Louisiana has not presented management's discussion and analysis which is required supplementary information (RSI) that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison information on pages 27 through 29 is presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

Postlethwaite & Natterville

Baton Rouge, Louisiana

December 28, 2012

VILLAGE OF ESTHERWOOD, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash	\$ 30,389	\$ 62,457	\$ 92,846
Accounts receivable, net	-	19,838	19,838
Unbilled services receivable	-	9,772	9,772
Franchise fee receivable	6,279	-	6,279
Due from other governmental agencies	7,645	-	7,645
Internal balances	346,510	(346,510)	-
Restricted assets:			
Cash	-	28,216	28,216
Certificates of deposit	-	10,075	10,075
Capital assets:			
Non-depreciable	10,479	37,480	47,959
Depreciable, net	538,540	885,967	1,424,507
TOTAL ASSETS	939,842	707,295	1,647,137
<u>LIABILITIES:</u>			
Accounts payable	9,257	11,575	20,832
Customer deposits	-	38,291	38,291
Long-term liabilities:			
Due within one year	1,332	-	1,332
Due in more than one year	2,457	-	2,457
TOTAL LIABILITIES	13,046	49,866	62,912
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	545,230	923,447	1,468,677
Unrestricted (deficit)	381,566	(266,018)	115,548
TOTAL NET ASSETS	926,796	657,429	1,584,225
TOTAL LIABILITIES AND NET ASSETS	\$ 939,842	\$ 707,295	\$ 1,647,137

See accompanying notes and independent accountants' review report.

VILLAGE OF ESTHERWOOD, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/ Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets		
		Fees, Fines, and Charges for services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental:						
General government	\$ 94,942	\$ -	\$ 14,931	\$ (80,011)	\$ -	\$ (80,011)
Public safety	26,396	22,927	-	(3,469)	-	(3,469)
Public works	77,690	3,200	-	(74,490)	-	(74,490)
Interest expense	453	-	-	(453)	-	(453)
Total governmental activities	<u>\$ 199,481</u>	<u>\$ 26,127</u>	<u>\$ 14,931</u>	<u>\$ (158,423)</u>	<u>\$ -</u>	<u>\$ (158,423)</u>
Business-type:						
Water	\$ 120,711	\$ 116,099	\$ 1,159	\$ -	\$ (3,453)	\$ (3,453)
Gas	56,129	61,844	-	-	5,715	5,715
Sewer	90,701	65,437	-	-	(25,264)	(25,264)
Total business-type activities	<u>\$ 267,541</u>	<u>\$ 243,380</u>	<u>\$ 1,159</u>	<u>\$ -</u>	<u>\$ (23,002)</u>	<u>\$ (23,002)</u>
Total	<u>\$ 467,022</u>	<u>\$ 269,507</u>	<u>\$ 16,090</u>	<u>\$ (158,423)</u>	<u>\$ (23,002)</u>	<u>\$ (181,425)</u>
General revenues:						
Taxes-						
Property				\$ 17,605	\$ -	\$ 17,605
Sales				40,222	-	40,222
Franchise				30,037	-	30,037
Licenses and permits				21,455	-	21,455
Grants and contributions not restricted to specific programs				1,220	-	1,220
Investment income				12	8	20
Miscellaneous				9,065	1,612	10,677
Loss on disposal of assets				(1,216)		(1,216)
Total general revenues				<u>\$ 118,400</u>	<u>\$ 1,620</u>	<u>\$ 120,020</u>
Change in net assets				\$ (40,023)	\$ (21,382)	\$ (61,405)
Net assets, beginning				<u>966,819</u>	<u>678,811</u>	<u>1,645,630</u>
Net assets, ending				<u>\$ 926,796</u>	<u>\$ 657,429</u>	<u>\$ 1,584,225</u>

See accompanying notes and independent accountants' review report.

VILLAGE OF ESTHERWOOD, LOUISIANA

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2012

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>		
Cash	\$ 30,389	\$ 30,389
Due from other governmental agencies	7,645	7,645
Franchise fee receivable	6,279	6,279
Due from other funds	346,510	346,510
TOTAL ASSETS	<u>390,823</u>	<u>390,823</u>
<u>LIABILITIES</u>		
Accounts payable	9,257	9,257
Due to other funds	-	-
TOTAL LIABILITIES	<u>9,257</u>	<u>9,257</u>
<u>FUND BALANCES</u>		
Unassigned	<u>381,566</u>	<u>381,566</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 390,823</u>	<u>\$ 390,823</u>

See accompanying notes and independent accountants' review report.

VILLAGE OF ESTHERWOOD, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENTS OF NET ASSETS
JUNE 30, 2012

Fund balances at June 30, 2012 - total Governmental Funds	\$	381,566
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Cost of capital assets at June 30, 2012	\$	1,445,497	
Less: Accumulated depreciation at June 30, 2012		<u>(896,478)</u>	549,019

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Note payable	<u>(3,789)</u>
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Net assets at June 30, 2012 - Governmental Activities	<u><u>\$</u></u>	<u>926,796</u>
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See accompanying notes and independent accountants' review report.

VILLAGE OF ESTHERWOOD, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Total Governmental Funds
<u>REVENUES:</u>		
Sales taxes	\$ 46,297	\$ 46,297
Property taxes	17,605	17,605
Franchise taxes	30,037	30,037
Licenses and permits	21,455	21,455
Intergovernmental	16,151	16,151
Charges for services	3,200	3,200
Fines	22,927	22,927
Investment income	12	12
Miscellaneous	9,065	9,065
Total revenues	<u>166,749</u>	<u>166,749</u>
<u>EXPENDITURES:</u>		
Current-		
General government	78,558	78,558
Public safety	23,706	23,706
Public works	48,589	48,589
Debt service-		-
Principal	1,322	1,322
Interest	453	453
Capital outlay	14,409	14,409
Total expenditures	<u>167,037</u>	<u>167,037</u>
Deficiency of revenues over expenditures	<u>(288)</u>	<u>(288)</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In	-	-
Transfers out	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net change in fund balances	(288)	(288)
Fund balances, beginning	<u>381,854</u>	<u>381,854</u>
Fund balances, ending	<u><u>\$ 381,566</u></u>	<u><u>\$ 381,566</u></u>

See accompanying notes and independent accountants' review report.

VILLAGE OF ESTHERWOOD, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds	\$	(288)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$	6,955	
Depreciation expense		(40,721)	
Loss on disposal of assets		<u>(1,216)</u>	(34,982)

Because some revenues will not be collected for several months after year-end, they are not considered "available" revenues in the governmental funds. Conversely, prior year revenues coming available may be recognized in the fund.

Sales tax revenue			(6,075)
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The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The transaction has no effect on net assets.

Principal payments on note payable			<u>1,322</u>
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Changes in net assets of governmental activities	\$	<u>(40,023)</u>
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See accompanying notes and independent accountants' review report.

VILLAGE OF ESTHERWOOD, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	<u>Water Utility Fund</u>	<u>Gas Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
<u>ASSETS:</u>				
Cash	\$ 17,318	\$ 26,671	\$ 18,468	\$ 62,457
Accounts receivable, net	10,677	3,148	6,013	19,838
Unbilled services receivable	5,228	1,569	2,975	9,772
Due from other funds	13,280	9,908	-	23,188
Restricted assets:				-
Cash	10,230	7,570	10,416	28,216
Certificates of deposit	4,267	2,785	3,023	10,075
Capital assets:				-
Non-depreciable	-	-	37,480	37,480
Depreciable, net	<u>133,568</u>	<u>2,490</u>	<u>749,909</u>	<u>885,967</u>
TOTAL ASSETS	<u>194,568</u>	<u>54,141</u>	<u>828,284</u>	<u>1,076,993</u>
<u>LIABILITIES:</u>				
Accounts payable	7,736	1,584	2,255	11,575
Due to other funds	126,349	102,119	141,230	369,698
Current liabilities paid from restricted funds:				
Customers' deposits	<u>14,497</u>	<u>10,355</u>	<u>13,439</u>	<u>38,291</u>
TOTAL LIABILITIES	<u>148,582</u>	<u>114,058</u>	<u>156,924</u>	<u>419,564</u>
<u>NET ASSETS:</u>				
Unrestricted (deficit)	<u>45,986</u>	<u>(59,917)</u>	<u>671,360</u>	<u>657,429</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 194,568</u>	<u>\$ 54,141</u>	<u>\$ 828,284</u>	<u>\$ 1,076,993</u>

See accompanying notes and independent accountants' review report.

VILLAGE OF ESTHERWOOD, LOUISIANA
STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	<u>Water Utility Fund</u>	<u>Gas Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
Operating revenue:				
Charges for services	\$ 116,099	\$ 61,844	\$ 65,437	\$ 243,380
Miscellaneous	947	665	-	1,612
Total operating revenues	<u>117,046</u>	<u>62,509</u>	<u>65,437</u>	<u>244,992</u>
Operating expenses:				
Salaries and payroll taxes	21,233	20,394	21,233	62,860
Materials and supplies	4,449	1,951	7,903	14,303
Office expenses	1,166	717	782	2,665
Depreciation	8,892	1,244	38,259	48,395
Utilities and telephone	872	402	7,963	9,237
Water purchased	64,564	-	-	64,564
Fuel purchased	-	16,690	-	16,690
Professional services	1,159	-	-	1,159
Repairs and maintenance	10,725	2,786	8,155	21,666
Insurance	3,874	5,341	1,339	10,554
Miscellaneous	3,777	6,604	5,067	15,448
Total operating expenses	<u>120,711</u>	<u>56,129</u>	<u>90,701</u>	<u>267,541</u>
Operating income (loss)	<u>(3,665)</u>	<u>6,380</u>	<u>(25,264)</u>	<u>(22,549)</u>
Nonoperating revenue:				
Grant revenue	1,159	-	-	1,159
Investment income	4	4	-	8
Total nonoperating revenue	<u>1,163</u>	<u>4</u>	<u>-</u>	<u>1,167</u>
Change in net assets	<u>(2,502)</u>	<u>6,384</u>	<u>(25,264)</u>	<u>(21,382)</u>
Net assets (deficit), beginning	<u>48,488</u>	<u>(66,301)</u>	<u>696,624</u>	<u>678,811</u>
Net assets (deficit), ending	<u>\$ 45,986</u>	<u>\$ (59,917)</u>	<u>\$ 671,360</u>	<u>\$ 657,429</u>

See accompanying notes and independent accountants' review report.

VILLAGE OF ESTHERWOOD, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2012

	Water Utility Fund	Gas Utility Fund	Sewer Utility Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 114,333	\$ 61,422	\$ 64,499	\$ 240,254
Payments to suppliers for goods and services	(95,392)	(35,656)	(32,590)	(163,638)
Payments to employees for services	(21,233)	(20,394)	(21,233)	(62,860)
Other operating receipts	947	665	-	1,612
Net cash provided by (used in) operating activities	<u>(1,345)</u>	<u>6,037</u>	<u>10,676</u>	<u>15,368</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>				
Increase in customers' deposits	1,460	1,065	1,535	4,060
Payments to and from other funds, net	(3,220)	8,441	(8,190)	(2,969)
Net cash provided by (used in) non-capital financing activities	<u>(1,760)</u>	<u>9,506</u>	<u>(6,655)</u>	<u>1,091</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest on investment	<u>4</u>	<u>4</u>	<u>-</u>	<u>8</u>
<u>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</u>				
Grant revenue	<u>1,159</u>	<u>-</u>	<u>-</u>	<u>1,159</u>
Net increase (decrease) in cash and cash equivalents	(1,942)	15,547	4,021	17,626
Cash and cash equivalents, July 1, 2011	<u>29,490</u>	<u>18,694</u>	<u>24,863</u>	<u>73,047</u>
Cash and cash equivalents, June 30, 2012	<u><u>27,548</u></u>	<u><u>34,241</u></u>	<u><u>28,884</u></u>	<u><u>90,673</u></u>
Classified as:				
Current assets	17,318	26,671	18,468	62,457
Restricted assets	10,230	7,570	10,416	28,216
Total	<u>\$ 27,548</u>	<u>\$ 34,241</u>	<u>\$ 28,884</u>	<u>\$ 90,673</u>
<u>Reconciliation of net income to net cash provided by operating activities:</u>				
Income (loss) from operations	\$ (3,665)	\$ 6,380	\$ (25,264)	\$ (22,549)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation expense	8,892	1,244	38,259	48,395
Change in assets and liabilities:				
Receivables, net	(1,766)	(422)	(938)	(3,126)
Accounts payable	(4,788)	(847)	(1,381)	(7,016)
Accrued liabilities	(18)	(318)	-	(336)
Net cash provided by (used in) operating activities	<u>\$ (1,345)</u>	<u>\$ 6,037</u>	<u>\$ 10,676</u>	<u>\$ 15,368</u>

See accompanying notes and independent accountants' review report.

VILLAGE OF ESTHERWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Village of Estherwood, Louisiana (the "Village") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Village are described below.

Financial reporting entity:

A financial reporting entity consist of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary Government-

The Village was incorporated in 1901, under the Lawrason Act. The Village operates under a Mayor- Board of Aldermen form of government and provides the following services to its residents as authorized by its charter: public safety (police), highways and streets, recreation, and general administrative services. The Village also operates three enterprise activities, which provide water, gas, and sewer services.

Component Units-

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. A potential component unit must have separate corporate powers that distinguish it as being legally separate from the primary government. These include the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued in its own name without recourse to a State or local government, and the right to buy, sell, lease, and mortgage property in its own name.
2. The primary government must be financially accountable for a potential component unit. Financial accountability may exist as a result of the primary government appointing a voting majority of the potential component unit's governing body; their ability to impose their will on the potential component unit by significantly influencing the programs, projects, activities, or lower level of services performed or provided by the potential component unit, or the existence of a financial benefit or burden. In addition, financial accountability may also exist as a result of a potential component unit being fiscally dependent on the primary government.

In some instances, the potential component unit should be included in the reporting entity (even when the criteria in No. 2 above are not met), if exclusion would render the reporting entity's financial statements incomplete or misleading.

Based on the above criteria, the Village does not have any component units.

VILLAGE OF ESTHERWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation:

The Village uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The minimum number of funds maintained by the Village is consistent with legal and managerial requirements.

A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities.

The basic financial statements includes both government-wide (reporting on the government of the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's public safety, public works, culture and recreation, and general administrative services are classified as governmental activities. The Village's water, gas, and sewer operations are classified as business-type activities.

Government-wide financial statements-

The government-wide financial statements include a statement of net assets and statement of activities. These statements report financial information about the Village as a whole. In the process of aggregating data for the statement of net assets and the statement of activities some amounts reported as interfund activity and balances in the fund financial statements were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities and the business-type activities column of the government-wide financial statements.

In the statement of net assets, the governmental activities column (1) is presented on a consolidated basis by column, and (2) is reported on the full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net assets are reported in three parts: (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A "function" is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses associated with a distinct functional activity. Program revenues includes: (1) charges for services which report fees, fines, and forfeits, and other charges to users of the Village's services, (2) operating grants and contributions which finance annual operating activities, (3) capital grants and contributions which finance annual operating activities, and (4) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

VILLAGE OF ESTHERWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Village reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included as a direct expense of each function. Interest on long-term debt is also specifically identified by activity and is reported as such in the statement of activities. The Village does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net assets resulting from the current year's activities.

Fund Financial Statements-

The fund financial statements provide information about the Village's funds. Separate statements for each fund category- governmental and proprietary- are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenues, such as investment income, result from nonexchange transactions or ancillary activities.

The Village reports the following major governmental fund:

General Fund- used to account for all financial resources traditionally associated with governments that are not required to be accounted for in another fund.

The Village reports the following major proprietary funds:

Water Utility Fund- used to account for the provision of water services to the residents of the Village.

Gas Utility Fund- used to account for the provision of natural gas services to the residents of the Village.

Sewer Utility Fund- used to account for the provision of sewer services to the residents of the Village.

The emphasis in fund financial statements is on major funds in either the governmental or business-type activities categories. Nonmajor funds are summarized into a single column. GASB statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis- for State and Local Governments," sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and proprietary funds combined) for the determination of major funds.

Proprietary funds are reported in accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Fund and Other Governmental Entities That Use Proprietary Fund Accounting." This Statement requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, be applied to proprietary activities unless they (FASB Statements and Interpretations, APB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

VILLAGE OF ESTHERWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASB Statement No. 20 also states that for proprietary activities, management may elect to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under the control of the Village have elected not to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by the GASB.

Basis of accounting – measurement focus:

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements; measurement focus refers to what is being measured. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide and proprietary fund financial statements

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Governmental fund financial statements-

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Their reported fund balance (net current assets) is considered a measure of “available spending resources.” Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spending resources” during a period. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collection within the current period or soon enough thereafter to be used to pay liabilities of the current period. Taxpayer-assessed income, gross receipts, and sales and use taxes are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Expenditure driven grant revenues are recorded when the qualifying expenditures have been incurred and all other grant requirements have been met. All other receivables collected within 60 days after year end are considered available and recognized as revenue of the current year. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued because they do not vest or accumulate, and (2) principal and interest on general long-term debt which is recognized when due.

VILLAGE OF ESTHERWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Cash and equivalents:

Cash includes amounts in demand deposits and on hand. For purposes of reporting cash flows, the Village considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Village has no cash equivalents at June 30, 2012.

Investments:

Under State law, the Village may invest in United States bonds, treasury notes or certificates, or time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other federally insured investment. The Village may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount. The Village's investments at June 30, 2012, consisted of time certificates of deposit purchased from local financial institutions. These certificates of deposit are not subject to GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investment and for External Investment Pools," and are therefore stated at cost.

Custodial Credit Risk:

The Village is exposed to custodial credit risk as it relates to their deposits with financial institutions. The Village's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in the Village's name. Accordingly, the Village had no custodial credit risk related to its deposits at June 30, 2012.

Receivables:

Accounts receivable for the Water, Gas and Sewer Utility Funds are reported net of an allowance for doubtful accounts. The allowance at June 30, 2012 for the Water, Gas, and Sewer Utility funds was \$1,249, \$ 5,177, and \$987, respectively.

Interfund receivables and payables:

During the course of operations, numerous transactions occur between individual funds for goods and services rendered. These receivables and payables are classified as due from other funds or due to other funds in the fund financial statements. Short-term interfund loans are classified as interfund receivables/payables in the fund financial statements. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

Restricted Assets:

Certain resources of the Water, Gas, and Sewer Utility funds are classified as restricted assets in the financial statements because they represent customer's deposits being held by the Village.

VILLAGE OF ESTHERWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets:

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide financial statements-

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost and have been included in the accompanying financial statements.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Building and Improvements	20-40
Machinery and Equipment	5-10
Infrastructure	20
Water Utility System	10-25
Gas Utility System	10-25
Sewer Utility System	10-25

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Fund Financial Statements-

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated absences:

Sick leave is credited to permanent full-time employees at a rate of 1.25 days for each month of continuous employment. Unused sick leave is not paid upon termination or separation from employment and is therefore not recorded in the financial statements. Employees earn vacation leave at varying rates of 10 to 20 days per year, depending on length of service. Unused vacation leave is paid upon termination or separation from employment. As of June 30, 2012, any liability for this accumulated leave is considered immaterial to the financial statements taken as a whole and is therefore not recorded.

VILLAGE OF ESTHERWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long- Term Debt:

The accounting treatment of long-term debt depends on whether the debt relates to governmental or proprietary fund obligations and whether it is being reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. Long-term debt in proprietary fund operations is accounted for the same in the fund financial statements as it is in the government-wide statements.

Equity classifications:

Government-wide statements-

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt- consist of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets- consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets- all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements-

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below in accordance with Governmental Accounting Standards Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

VILLAGE OF ESTHERWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Aldermen establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Aldermen through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

Bad Debts:

Uncollectible amounts due from customers' utility receivables are recognized as bad debts by the use of the allowance method.

Interfund Transfers:

Permanent reallocations of resources between funds of the primary government are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds and individual proprietary funds have been eliminated.

Impairments:

A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The Village is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. The Village recorded no impairment losses during the year ended June 30, 2012.

VILLAGE OF ESTHERWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reporting period. Accordingly, actual results could differ from those estimates.

2. **PROPERTY TAXES**

Government-wide financial statements:

Property taxes are recognized in the year for which they are levied, net of uncollectible amounts, as applicable.

Governmental fund financial statements:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable by December 31. The Village bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended June 30, 2012, property taxes of 7.05 mills were levied. For general corporate purposes on assessed valuations totaling \$1,740,740. Total taxes levied were \$12,273.

3. **COMPENSATION PAID TO ELECTED OFFICIALS**

Compensation paid to elected officials for the year ended June 30, 2012 includes:

Anthony Borill, Mayor	\$ 1,200
Timothy Savant, Alderman	600
Donald Popp, Alderman	600
Donna Bertrand, Alderman	600
Kevin LeBlanc, Chief of Police	<u>4,900</u>
	<u>\$ 7,900</u>

VILLAGE OF ESTHERWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

4. DUE FROM OTHER GOVERNMENTAL AGENCIES

Due from other governmental agencies at June 30, 2012 consisted of the following:

Alcoholic beverage tax receivable	\$ 332
Sales and use tax receivable	5,663
Witness fees	50
State highway maintenance fees receivable	<u>1,600</u>
	<u>\$ 7,645</u>

5. INTERFUND BALANCES

Interfund balances reported in the fund financial statements at June 30, 2012 consisted of the following individual fund receivables and payables:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 346,510	\$ -
Water Utility Fund	13,280	126,349
Gas Utility Fund	9,908	102,119
Sewer Utility fund	<u>-</u>	<u>141,230</u>
Total interfund balances	<u>\$ 369,698</u>	<u>\$ 369,698</u>

All interfund balances resulted from the time lag between the dates that (1) reimbursable expenditures/ expenses occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

VILLAGE OF ESTHERWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

6. CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended June 30, 2012 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 10,479	\$ -	\$ -	\$ 10,479
Construction in progress	-	-	-	-
Total Assets not being depreciated	<u>\$ 10,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,479</u>
Capital assets being depreciated				
Buildings and improvements	\$ 133,025	\$ -	\$ -	\$ 133,025
Land improvements	343,121	-	-	343,121
Machinery and equipment	130,209	6,955	(5,530)	131,634
Infrastructure	<u>827,238</u>	<u>-</u>	<u>-</u>	<u>827,238</u>
Total capital assets being depreciated	<u>\$ 1,433,593</u>	<u>\$ 6,955</u>	<u>\$ (5,530)</u>	<u>\$ 1,435,018</u>
Less accumulated depreciation for				
Buildings and improvements	\$ (86,102)	\$ (3,639)	\$ -	\$ (89,741)
Land Improvements	(343,121)	-	-	(343,121)
Machinery and Equipment	(90,545)	(10,921)	4,314	(97,152)
Infrastructure assests	<u>(340,303)</u>	<u>(26,161)</u>	<u>-</u>	<u>(366,464)</u>
Total accumulated deperciation	<u>\$ (860,071)</u>	<u>\$ (40,721)</u>	<u>\$ 4,314</u>	<u>\$ (896,478)</u>
Total governmental Capital assets being depreciated, net	<u>\$ 573,522</u>	<u>\$ (33,766)</u>	<u>\$ (1,216)</u>	<u>\$ 538,540</u>
Total governmental activities capital assets, net	<u>\$ 584,001</u>	<u>\$ (33,766)</u>	<u>\$ (1,216)</u>	<u>\$ 549,019</u>

(continued)

VILLAGE OF ESTHERWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

6. CAPITAL ASSETS AND DEPRECIATION (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business -type activities:				
Capital assests, not being depreciated				
Land	\$ 37,480	\$ -	\$ -	\$ 37,480
Capital assets being depreciated				
Water utility system	\$ 433,701	\$ -	\$ -	\$ 433,701
Gas utility system	55,962	-	-	55,962
Sewer utility system	1,462,904	-	-	1,462,904
Machinery and equipment	116,791	-	(1,338)	115,453
Total capital assets being depreciated	\$ 2,069,358	\$ -	\$ (1,338)	\$ 2,068,020
Less accumulated depreciation for				
Water utility system	\$ (294,731)	\$ (7,937)	\$ -	\$ (302,668)
Gas utility system	(55,962)	-	-	(55,962)
Sewer utility system	(701,950)	(31,835)	-	(733,785)
Machinery and equipment	(82,353)	(8,623)	1,338	(89,638)
Total accumulated depreciation	\$ (1,134,996)	\$ (48,395)	\$ 1,338	\$ (1,182,053)
Total Business-type assets being depreciated, net	\$ 934,362	\$ (48,395)	\$ -	\$ 885,967
Total Business-type activities capital assets, net	\$ 971,842	\$ (48,395)	\$ -	\$ 923,447

VILLAGE OF ESTHERWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

6. CAPITAL ASSETS AND DEPRECIATION (continued)

Depreciation Expense for the year ended June 30, 2012 was charged as follows:

Governmental Activities:	
General government	\$ 8,930
Public safety	2,690
Public works	<u>29,101</u>
 Total Governmental activities depreciation expense	 <u>\$ 40,721</u>
 Business-type activities:	
Water	\$ 8,892
Gas	1,244
Sewer	<u>38,259</u>
 Total business-type activities depreciation expense	 <u>\$ 48,395</u>

7. OPERATING LEASES

The Village has entered into a number of operating leases which contain cancellation provisions and are subject to annual appropriations. These leases are for copy machines and support government activities. Operating lease expenditures for the year ended June 30, 2012 totaled \$10,820.

8. LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2012:

Note payable to financing company, due in monthly installments of \$148, including interest of 9.00%, due on December 20, 2014, Secured by piece of equipment	<u>\$ 3,789</u>
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Required principal and interest payments to maturity of long-term debt at June 30, 2012 are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,332	\$ 290	\$ 1,622
2014	1,597	172	1,769
2015	<u>860</u>	<u>25</u>	<u>885</u>
	<u>\$ 3,789</u>	<u>\$ 487</u>	<u>\$ 4,276</u>

VILLAGE OF ESTHERWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

8. LONG-TERM DEBT (continued)

Changes in Long-Term Debt. The following is a summary of debt transactions of the Village for the year ended June 30, 2012:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Current Portion
Note payable	\$ 5,111	\$ -	\$ (1,322)	\$ 3,789	\$ 1,332

For the year ended June 30, 2012, the total interest incurred and expensed was \$453.

Current year depreciation cost related to this equipment is \$1,281 and is included in the public works function of expenditures of the general fund.

9. DEFICIT FUND BALANCE/NET ASSETS

The Gas Utility Fund has a deficit net assets balance at June 30, 2012 of \$59,917.

10. DEDICATION OF SALES AND USE TAX PROCEEDS

The proceeds of the 1% sales and use tax are accounted for in the Sales Tax Fund and are dedicated to the following purposes:

1. Construction and purchasing a fire department station, fire fighting and fire protection equipment, and other works of public improvement related thereto.
2. Constructing, acquiring, extending, or improving a sewer plant and sewer system and operating the same.
3. For any other lawful corporate purpose, title to which shall be in the public.

11. INSURANCE RISK

The Village is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village purchases commercial insurance to cover any claims related to these risks.

VILLAGE OF ESTHERWOOD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

12. CONTINGENCIES

The Village operates a Sanitary Wastewater Disposal System under a NPEDS permit. The NPEDS permit and the State permit under which the discharge is regulated has been the subject of scrutiny by the Environmental Protection Agency (EPA) and the Department of Environmental Quality. The Village is under an Administrative Order to upgrade its facility in order to comply with the permit and the expected more stringent permit discharges. The Village has been cited for past violations and a compliance order was issued. The Village has completed the building and rehabilitation of the sewer pond and the addition of a marsh/rockweed filter to achieve those limits. The Village continues to make efforts to comply with the permit limitations for discharge and to maintain the plant in accordance with those standards. While the Village is making efforts to resolve the violations detailed in the Administrative Order, the EPA is authorized to assess appropriate penalties if the violations are not corrected. As of June 30, 2012, the Village has not been assessed any such penalties.

In the normal course of operations, the Village receives grant funds from various Federal and State agencies. The grant programs are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. The Village's management believes that any liability for reimbursement that may arise as a result of these audits would not be material to the Village's financial statements.

13. WHOLESALE WATER AGREEMENT

The Village entered into an agreement to purchase water for resale to its retail customers at a cost of \$1.50 per thousand (1,000) gallons from the Southwest Acadia Water Corporation, Inc. (the "SWAWC"). Water use by the Village in the act of combating fire, for fire training (up to a maximum of 10,000 gallons per month), and for the purpose of flushing lines (up to a maximum of 20,000 gallons per month) are deducted from the Village's usage in determining cost of water used. The Village is allowed one board member on the board of directors of SWAWC. The rate was to be effective for a period of five years from the date of first delivery of water (February 2008) under the agreement, at the end of which the rate can be adjusted by SWAWC. In June of 2010, the amounts paid by the Village for water increased to \$500 for the first 150,000 gallons plus \$2.00 per thousand (1,000) gallons thereafter as a result of SWAWC being in Chapter 11 bankruptcy. In September and December of 2010, the rates increased to \$2.50 and \$3.00, respectively, per thousand (1,000) gallons after the first 150,000 gallons. Pursuant to bankruptcy proceedings, the Egan Water Corporations took control of the water production entity. The Village continues to purchase water monthly from Egan Water Corporation at a rate of \$500 for the first 150,000 gallons, plus \$3.00 per thousand (1,000) gallons, thereafter. Water purchased under this agreement totaled \$65,086 for the year ended June 30, 2012.

14. SUBSEQUENT EVENTS

In November 2012, the Board of Aldermen approved the issuance of Utilities Revenue Bonds of the Village of Estherwood, in an amount not to exceed \$990,000. Village officials have proceeded with the preparation of documents required for the issuance of the bonds and obtaining the approval of the Louisiana State Bond Commission for the issuance of the bonds. Additionally, the Village awarded a bid in December 2012 in the amount of \$410,730 related to the sewer system rehabilitation project.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF ESTHERWOOD

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012
 See Independent Accountants' Review Report

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes-				
Property	\$ 11,625	\$ 12,164	\$ 12,180	\$ 16
Sales taxes	34,000	41,000	46,297	5,297
Housing authority (in lieu of property taxes)	5,500	5,500	5,425	(75)
Electric franchise	32,500	30,500	28,384	(2,116)
Telephone franchise	1,925	1,750	1,653	(97)
Total taxes	<u>\$ 85,550</u>	<u>\$ 90,914</u>	<u>\$ 93,939</u>	<u>\$ 3,025</u>
Licenses and permits-				
Licenses	\$ 20,025	\$ 20,781	\$ 20,665	\$ (116)
Permits	610	760	790	30
Total licenses and permits	<u>\$ 20,635</u>	<u>\$ 21,541</u>	<u>\$ 21,455</u>	<u>\$ (86)</u>
Intergovernmental-				
State shared revenue:				
Beer tax	\$ 1,500	\$ 1,100	\$ 1,200	\$ 100
Video poker proceeds	-	-	20	20
State grant	15,023	19,500	14,931	(4,569)
Total intergovernmental	<u>\$ 16,523</u>	<u>\$ 20,600</u>	<u>\$ 16,151</u>	<u>\$ (4,449)</u>
Charges for services-				
State highway maintenance fees	\$ 3,200	\$ 3,200	\$ 3,200	\$ -
Fines and forfeits	<u>\$ 25,750</u>	<u>\$ 23,300</u>	<u>\$ 22,927</u>	<u>\$ (373)</u>
Investment income	<u>\$ 20</u>	<u>\$ 12</u>	<u>\$ 12</u>	<u>\$ -</u>
Miscellaneous	<u>\$ 2,100</u>	<u>\$ 9,100</u>	<u>\$ 9,065</u>	<u>\$ (35)</u>
Total revenues	<u>\$ 153,778</u>	<u>\$ 168,667</u>	<u>\$ 166,749</u>	<u>\$ (1,918)</u>
Expenditures:				
Current-				
General government:				
Salaries and wages	\$ 6,136	\$ 6,136	\$ 6,102	\$ 34
Utilities and telephone	14,175	14,000	13,874	126
Repairs and maintenance	6,000	14,300	14,017	283
Insurance	14,305	11,300	10,872	428
Printing and supplies	6,000	5,900	6,394	(494)
Professional services	16,200	15,700	14,460	1,240
Travel and training	4,650	8,700	8,278	422
Miscellaneous	3,600	5,350	4,561	789
Total general government	<u>\$ 71,066</u>	<u>\$ 81,386</u>	<u>\$ 78,558</u>	<u>\$ 2,828</u>

VILLAGE OF ESTHERWOOD

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012
 See Independent Accountants' Review Report

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Public Safety:				
Salaries and wages	\$ 11,900	\$ 10,000	\$ 9,507	\$ 493
Materials and supplies	3,050	4,150	3,918	232
Beeper	2,160	2,300	2,191	109
Repairs and maintenance	1,000	1,000	991	9
Insurance	5,150	4,000	3,871	129
Court cost	3,000	2,200	2,106	94
Miscellaneous	1,500	2,000	1,122	878
Total public safety	<u>\$ 27,760</u>	<u>\$ 25,650</u>	<u>\$ 23,706</u>	<u>\$ 1,944</u>
Public Works:				
Salaries and wages	\$ 26,000	\$ 22,600	\$ 22,494	\$ 106
Payroll taxes	3,410	6,400	2,944	3,456
Materials and supplies	3,050	4,300	4,124	176
Professional services	2,000	2,000	-	2,000
Repairs and maintenance	19,323	15,500	15,361	139
Rentals	3,850	3,900	3,666	234
Total public works	<u>\$ 57,633</u>	<u>\$ 54,700</u>	<u>\$ 48,589</u>	<u>\$ 6,111</u>
Culture and recreation:				
Repair and Maintenance	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 100</u>
Debt Service-				
Principal	\$ 450	\$ 1,800	\$ 1,322	\$ 478
Interest	-	-	453	(453)
Total debt service	<u>\$ 450</u>	<u>\$ 1,800</u>	<u>\$ 1,775</u>	<u>\$ 25</u>
Capital Outlay	<u>\$ 10,140</u>	<u>\$ 15,250</u>	<u>\$ 14,409</u>	<u>\$ 841</u>
Total Expenditures	<u>\$ 167,149</u>	<u>\$ 178,886</u>	<u>\$ 167,037</u>	<u>\$ 11,849</u>
Other Financing Sources (Uses):				
Transfers out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ (13,371)	\$ (10,219)	\$ (288)	\$ 9,931
Fund balance, beginning	<u>14,335</u>	<u>23,890</u>	<u>381,854</u>	<u>\$ 357,964</u>
Fund balance ending	<u>\$ 964</u>	<u>\$ 13,671</u>	<u>\$ 381,566</u>	<u>\$ 367,895</u>

VILLAGE OF ESTHERWOOD

NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012

1. BUDGETS AND BUDGETARY ACCOUNTING

The Village of Estherwood, Louisiana follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. The Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is then legally enacted through passage of an ordinance.
4. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The budget is employed as a management control device during the year that assists its users in financial activity analysis.

All budget appropriations lapse at year end. The budgets presented are the originally adopted and the final amended budget.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Anthony Borill, Mayor
and the Board of Aldermen
Village of Estherwood, Louisiana

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Village of Estherwood, Louisiana (the "Village") and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village's compliance with certain laws and regulations during the year ended June 30, 2012 included in the accompanying Louisiana Attestation Questionnaire. Management of the Village is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 39:1551-39:1775 (the state procurement code), whichever is applicable.

No expenditures were made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

Code of Ethics for Public Officials and Public Employees (continued)

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon Procedure 3 were also included on the listing obtained from management in agreed-upon Procedure 2 as immediate family members.

None of the employees included on the list of employees provided by management agreed-upon Procedure 3 appeared on the list provided by management in agreed-upon Procedure 2.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget and amendments made during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on June 28, 2011 which indicated that the budget had been adopted by the board of the Village of Estherwood. We also traced the adoption of the amended budget to the minutes of a meeting held on June 28, 2012.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- (a) Trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) Determine if payments were properly coded to the correct fund and general ledger account;

All six of the selected payments were properly coded to the correct fund and general ledger account.

- (c) Determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from two members of the Board of Alderman of the Village of Estherwood.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law).

The Village of Estherwood is only required to post a notice of each meeting and the accompanying agenda on the door of the district's office building. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all known bank statements for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advance, or gifts.

A reading of the minutes of the Village for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Prior Comments and Recommendations

The predecessor accountants' report, dated December 7, 2011, included findings as a result of that engagement. See the Schedule of Prior Year Findings at page 35.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Village of Estherwood, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 28, 2012

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

8/10/12 (Date Transmitted)

Pastlethwaite + Netherville
8550 United Plaza Blvd
Baton Rouge, LA 70809
Suite 800 (Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes ☒ No ☐

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R. S. 42:1 through 42:13.

Yes [☒] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [☒] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.


Yes [☒] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

Date Secretary

Date Treasurer

August 10, 2012
Date Mayor
President 

VILLAGE OF ESTHERWOOD

SCHEDULE OF PRIOR YEAR FINDINGS
(ISSUED BY PREDECESSOR ACCOUNTANTS)
FOR THE YEAR ENDED JUNE 30, 2012

2011-01 Segregation of Duties

Finding: The Village does not have an adequate segregation of duties in the administrative office. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Village may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.

Status: Due to limited staff and resources available, segregation of duties remains an issue at the Village. However, certain mitigating controls have been implemented.

2011-02 Budgeting

Finding: The Village did not amend the General Fund's budget as required by the Local Government Budget Act. Actual expenditures exceeded budgeted expenditures by \$13,939 in the General Fund, mostly as a result of failure to budget capital outlay expenditures related to an intergovernmental agreement. A similar finding was reported for the 2010 fiscal year.

Status: The Village properly amended the General Fund's budget during the current fiscal year. This finding is resolved.

2011-03 Issuance of Debt

Finding: The Village entered into a loan in June of 2010 to purchase a capital asset without first obtaining State Bond Commission approval. The original loan amount was \$6,403. State law requires that State Bond Commission approval be obtained prior to issuing debt.

Status: The Village obtained State Bond Commission approval during the current year for the above mentioned debt. This finding is resolved.